

NOTICE OF FUNDING AVAILABILITY

Community Development Block Grant Program

- Disaster Recovery Initiative *for* 2005/2006

August 2005



STATE OF CALIFORNIA

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STATE OF CALIFORNIA
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Disaster Recovery Initiative
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INTRODUCTION

1. NOTICE OF FUNDING AVAILABILITY

The Department of Housing and Community Development (the “Department”) announces the availability of approximately \$10.5 million in Disaster Recovery funds. The funds are available to jurisdictions impacted by and declared federal disaster areas by President Bush between August 31, 2003 and October 1, 2004:

- The 2003 wild fires (FEMA-1498-DR) in Los Angeles, Riverside, San Bernardino, San Diego and Ventura Counties. A total of \$6,925,770 has been allocated for this disaster. Declaration Date, October 27, 2003.
- The 2004 earthquake (FEMA-1505-DR) in San Luis Obispo and Santa Barbara Counties. A total of \$2,274,770 has been allocated for this disaster. Declaration Date, January 13, 2004.
- The 2004 flooding caused by a levee break (FEMA-1529-DR) in San Joaquin County. A total of \$1,137,067 has been allocated for this disaster. Declaration Date, June 30, 2004.

Distribution and monitoring of these funds will be under the direction of the Department’s State Community Development Block Grant (CDBG) Program.

This NOFA applies only to funding for recovery from the 2003 wild fires, the 2004 earthquake and the 2004 flooding. These funds are made available to the Department from the United States Department of Housing and Urban Development (HUD) pursuant to the Military Construction Appropriations and Emergency Hurricane Supplemental Appropriations Act, 2005 (Public Law 108-324). These funds are subject to and comply with the provisions of the HUD Disaster Recovery Initiative (DRI) notice published at [Docket No. FR-4959-N-01].

The form for requesting an application package for Disaster Recovery Initiative funds is attached to this document on page 31. An electronic version of the application can be found at the State web site: www.hcd.ca.gov/fa/cdbg/funds.html and click on “State CDBG General and Native American and Colonias Program”. On the CDBG web page look for program publications and click on NOFAs and Applications. The DRI application and NOFA are available in Word and PDA format.

2. APPLICATION TIMELINES

a) Key dates:

NOFA release:

August 22, 2005

Applications due to HCD:

Accepted until close of business November 18, 2005.

Awards announced:

Within 90 days of due date. Announcements will not be made until Congress and HUD gives written commitment of funds to the State.

b) Number of copies:

One original and **one copy**, with attachments. Faxed or E-mailed or electronic copies not

accepted.

c) Mail to:

State Community Development Block Grant Program
California Dept. of Housing and Community Development
P.O. Box 952054, MS 330-2
Sacramento, CA 94252-2054

Deliver to:

1800 Third Street, Room 330
Sacramento, CA 95814

- d) For further information, please call Patrick Talbott, via phone at (916) 552-9361 or FAX at (916) 319-8488 or e-mail at ptalbott@hcd.ca.gov. Remember, hard copies of the original application must be **PHYSICALLY** received by 5:00 P.M. on November 18, 2005. Postmarks are not acceptable.

FUNDING GUIDELINES

3. FUNDING LIMITS

a) Maximum award limits.

Eligible cities, counties and federally recognized tribes may apply for:

- Up to \$2,000,000 for FEMA-1498-DR, declared on October 27, 2003 based on the wild fires which burned large areas of Los Angeles, Riverside, San Bernardino, San Diego, and Ventura Counties.
- Up to \$1,000,000 for FEMA-1505-DR, declared January 13, 2004 was the result of an earthquake in San Luis Obispo County.
- Up to \$1,137,067 for FEMA-1529-DR, declared on June 30, 2004 because of flooding in the County of San Joaquin after a levee break.

b) Limited number of awards/competitive applicant pool.

In the 2005 funding cycle, it is anticipated that there will be more requests for funds than there are funds available. Consistent with the nature of a competitive application process, there is no assurance that each application will be funded.

c) Limited funding for public service and community facility activities.

Federal regulations limit the amount of funds which can be awarded for public service activities to 15 percent of DRI allocation. So 15 percent of \$10, 547,928 is \$1,582,189 in funding available for public services.

In addition, State Statutes require that at least 51 percent of funds awarded by the CDBG program be used for housing activities. So 51 percent of \$10,547,928 is \$5,379,443 of the DRI funding must go for housing related activities (this includes infrastructure in support of housing activities).

4. ELIGIBLE APPLICANTS

Eligible applicants for DRI funds are limited to counties and federally recognized tribes and cities within those counties that are located in a county declared a disaster area by the President due to damage sustained from one of these three disasters. To be eligible, applicants must prove that their proposed activity is required as a direct result of the emergency, i.e. the wild fires burned in the southern part of a city and damaged a mobile home park which is to be rehabilitated with DRI funds, because it was not allowable under Federal Emergency Management Agency (FEMA). The State CDBG program will consult with State OES staff to verify this status. Applications from ineligible applicants will not be reviewed.

See the **Appendix B** for a list of eligible counties under the three different disasters. The list also contains cities and federally recognized tribes within those counties that may

also have suffered damage from the disasters and as such are eligible to apply for DRI funds.

5. ELIGIBLE ACTIVITIES

Activities eligible for funding under this DRI NOFA are limited to eligible CDBG activities as listed in federal regulations Title 1, Section 105 (a) of the Housing and Community Development Act of 1974. The eligible activities are also listed in 42 U.S.C. Section 5305(a). Activities must also comply with disaster recovery notice [Docket No. FR-4959-N-01]. An application may contain more than one eligible activity. Once funded, funds cannot be transferred between activities.

The State CDBG will give priority to activities which were not allowable under the original federal disaster declaration. To assist with this priority, bonus points are being given for applicants who propose these activities. Based on the analysis done under the Action Plan, the State believes that there will be four activities which have the highest need and are anticipated to be funded under this NOFA. The four activities are: 1) housing rehabilitation; 2) community facilities; 3) public works; and 4) public services. See **Appendix A** for a list of eligible activities and a description of the four most common activities and what criteria are used to determine a competitive activity. If an applicant will be proposing an activity different from the four most common described in Appendix A, then they are encouraged to work closely with their State representative to ensure all the proper documentation is included for a competitive proposal.

6. OVERALL BENEFIT AND NATIONAL OBJECTIVES

The primary objective of CDBG grants is the redevelopment of viable urban communities by providing decent housing and a suitable living environment and expanding economic opportunities, principally for low - and moderate income persons.

Consistent with federal requirements listed in [Docket No. FR-4959-N-01], at least **50 percent of each grantee's DRI award** must be for an activity that benefits low - and moderate income households (80 percent of the county-wide median income adjusted for family size) also known as the "Targeted Income Group (TIG)." The State is required to meet this percentage and is in turn passing this requirement to local jurisdictions. To obtain a chart showing the current income limits by county, go to the HCD web site and on the left side of the page there is a column titled "Resources" and under that column there is a selection for income limits. Click on it and then click on State CDBG 2005 income limits to see the chart.

After meeting the low - and moderate income benefit just described above for 50 percent of the DRI grant funds, the grantee may use the remaining 50 percent of DRI grant funds for either of the following: the elimination of slums or blight or meeting a community development need having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community where other financial resources are not available to meet such a need.

Please contact your CDBG field representative prior to completing an application proposing a national objective other than benefit to low - and moderate income persons (targeted income group).

Meeting Targeted Income Group (TIG) Benefit. When proposing a neighborhood or community-wide activity, benefit is generally provided to all the occupants of a geographic area or all users of the facility/service. Typically, only some CDBG funds for such an activity benefit TIG households, unless the target area is extremely depressed.

DRI activities benefit low - and moderate income people when they can meet any one of three tests:

- a) At least 51 percent of the individual or households who benefit from the DRI funded activity must be documented as having incomes at or below the HUD published limits. Note: a direct assistance activity of rehab grants must be 100% benefit.
- b) If the activity benefits are available to all residents in an area, then at least 51 percent of the residents are low - and moderate income. Area TIG benefit can be found by census tract and block group on HUD's low and moderate income charts which can be found on the CDBG web site along with the DRI Application and NOFA. A recently conducted income survey

7. DUPLICATION OF BENEFIT

As stated in [Docket No. FR-4959-N-01], "no entity may receive disaster recovery grant assistance with respect to any part of a disaster loss that is reimbursable by FEMA or eligible for Small Business Administration (SBA) assistance or as to which it has received financial assistance under any other program or from insurance or any other source. DRI applications must provide documentation of why no other funds were available or that the available funds were not sufficient to pay for all the necessary repair costs, etc. If funds were applied for and denied, then the agency must provide a copy of the request for assistance to the appropriate agency listed above, along with the written response from the agency. DRI funds *can* be used in cases where FEMA, United States Army Corps of Engineers (USACE), or Small Business Administration (SBA) *denied* an activity. Applying for assistance after the FEMA or SBA or other assistance deadline has passed does not constitute a "denial" from an agency.

Examples of using DRI funds when federal, state or private funds have been received:

- DRI funds *can* be used to augment repair/mitigation funds in circumstances where funds for a project are not sufficient, and during implementation of the project additional funds are needed, but no additional funds are available from

other funding sources. Documentation must be provided in the application that DRI funds are not being used as required match. Additionally, the application must contain documentation that no other funding sources have additional funds for the activity, and that the project is eligible for disaster funds.

- DRI funds cannot be used for activities which were underway prior to the date of the disaster declaration unless the disaster directly impacted the project.

DRI applications proposing individual assistance activities such as, but not limited to, relocation, buyouts, rehabilitation must include a set of program guidelines which describe how the funds will be provided to households and how each beneficiary will be qualified for assistance. This qualification process will include income documentation and documentation that no other funds were used to pay for the activity being paid for DRI funds.

8. GRANT ADMINISTRATION COSTS

General administration expenses will be limited to 7.5 percent of grant funds awarded. If funds for planning activities are requested, the maximum percentage allowed is 10.5 percent on top of the 7.5 percent general administration costs. The combined maximum for both general administration and planning expenses will be 18 percent of the award. Applicants may choose to use local funds to pay for general administration costs and use up to 18 percent of awarded funds for planning activities. Planning activities must be directly related to repairs and mitigation of damages due to the declared disaster.

DRI funds can be used to pay for administering a funded activity, referred to as activity delivery expenses. Activity delivery expenses include documentation of eligibility for individual assistance programs or prevailing wage monitoring for projects which trigger labor standards or payment staff time to do procurement activities. The State is allowing two levels of activity expenses. For direct assistance programs which are required to qualify individual households for benefit, the State will allow up to 19 percent of funds requested for the activity to be used for activity delivery. For projects, the State will allow up to 10 percent of funds requested for the activity to be used for activity delivery.

APPLICATION REVIEW AND SCORING

9. EVALUATION CRITERIA AND POINTS SCORING SYSTEM

Staff rates the applications according to scoring criteria outlined below. Applications are given quantitative ratings and ranked against each other. In rating joint applications, information for the combined needs of all participating localities is used to evaluate these applications. Under the scoring criteria, a maximum possible score is 100. Points are divided among five scoring groups.

Evaluation Criterion and Description	Maximum Points
Poverty Index: All applicants are compared based on percentage of population below poverty level. This measure is taken jurisdiction wide unless the activity is proposed within a designated target area. 2000 census data is used. The applicant with the highest poverty will receive full points and others will receive points in relation to the high score. So if the high scoring applicant has 20 percent poverty and they receive 10 points then an applicant with 10 percent poverty would receive 5 points.	10 Points
Targeted Income Group (TIG) Benefit: Activities proposed for funding are allocated points based on the percentage of beneficiaries who earn 80% or less of the county's median income, adjusted by household size. For activities addressing TIG benefit, points will be earned for each percentage point above 51% TIG benefit, and must achieve 90% TIG benefit to earn all points in this category.	20 Points
Need for Activity: Points are assigned based on the application's documented need for the proposed activity and the extent to which the proposed activity will address the identified need. See Appendix A for need indicators for each type of activity.	40 Points
Capacity and Readiness to Proceed: Points are assigned based on the application's documented experience with CDBG activity implementation and federal overlay compliance. Points will also be assigned based on the ability of the applicant to move forward with the proposed activity in a timely fashion (all funding is in place, NEPA is completed, plans and specifications are done, etc.)	30 Points
Bonus Points for Priority Activities: Proposed activities which were not allowable under the disaster declaration will receive 10 bonus points. For example, the disaster declaration for flooding in San Joaquin County did not allow for housing or business assistance.	10 Points
MAXIMUM POINTS AVAILABLE	100 Points

10. APPLICATION TRAINING AND ASSISTANCE

One application workshop will be held in each disaster area so that eligible applicants from that area can attend and learn how to design and assemble a competitive application. Contact your CDBG field representative for assistance with questions and preparation of the application. Dates, places and times for these trainings will be included with the final application.

11. APPLICATION REVIEW AND SCORING

Applications must be submitted by **November 18, 2005**. Each application will be date stamped upon receipt and reviewed by CDBG staff. Complete applications proposing eligible activities meeting a national objective will be rated and ranked based on their proposed activities. The rating and ranking process will produce a funding list with applicants listed according to their scores, highest scores being listed first. The State will then fund requested amounts starting with the highest score down the list until all funds have been committed.

Incomplete or ineligible applications will be returned to the applicant within fifteen working days of receipt of the application along with a deficiency letter outlining the information needed to make the application complete or eligible. The Department will not evaluate or fund applications if all activities in the application are found to be ineligible. If only some of the activities in the application are not eligible, then the Department will delete the ineligible activities and fund eligible activities.

a) Documentation and Scoring Under Poverty:

State staff will compile all poverty percentages from census data based on what areas of benefit the applicant selects. If an activity has jurisdiction wide benefit then the poverty score will be based on jurisdiction wide poverty. If the activity is target area, then the applicant must identify the census tract(s) where the benefit will take place and the poverty for the designated target area will be used. If multiple activities are proposed with different areas of benefit, then the poverty scores will be blended together based on percentage of funds requested for each activity.

b) Documentation and Scoring of low - and moderate income/target income group benefit:

The Department will award full points for applicants demonstrating 90% or more TIG benefit for funds requested under that national objective. There are three ways of documenting TIG benefit: 1) income restriction of beneficiaries for direct assistance programs; 2) area or project wide benefit; 3) limited clientele. Each proposed activity must document the level of TIG benefit in its respective application description section. No back up documentation is needed for income restricted activities or for limited clientele, these will be verified at grant monitoring, but for activities which propose an area/project wide benefit, documentation of minimum 51 percent TIG benefit is required.

Activities Restricted to TIG Beneficiaries: Income restricted programs are typically

housing rehabilitation and homebuyer assistance programs and business assistance loans which generate jobs for low - and moderate income persons. Beneficiaries must be income qualified prior to receiving any benefits.

When addressing a neighborhood or community-wide health and safety problem, benefit is generally provided to all the residents of a geographic area or all users of the community facility/service. Typically, only a portion of the beneficiaries of such an activity are TIG households, unless the target area is extremely depressed. Lowered benefit will not necessarily prevent an application from being funded, but any activity with less than 90 percent benefit to TIG households is likely to be at a competitive disadvantage against other activities.

Determining Area Wide or Project TIG Benefit: Applicants can use 2000 HUD low and moderate income data by census tract and census block group to document low - and moderate income benefit of the area where the area wide benefit for the proposed activity (community facility or public works) will provide services. See the Department's CDBG web site at: www.hcd.ca.gov/ca/fa/cdbg/funding.html.

If applicants wish to do a survey to determine the benefit level of an area or a project, then the proper income limits as adjusted for household size must be used. See the Department's Housing Policy Division web site at www.hcd.ca.gov/hpd/hrc/rep/state/incNote.html. This will take you to the official state income limits. Note: only use the limits at 80 percent median and below even though this chart shows income limits up to 120 percent of median. Use this data for your area of benefit when doing a household income survey to document the TIG benefit for a public works or other area wide benefit activity. Speak to your CDBG representative if you wish to do a survey to document TIG benefit for sample survey form and methodology. If you are proposing to use other source of information to document TIG benefit, then contact your state CDBG program representative to ensure it is acceptable.

Limited Clientele Beneficiaries with Presumed 100% TIG Benefit:

<u>Limited clientele:</u>	<i>Abused children</i>
	<i>Homeless persons</i>
	<i>Illiterate adults</i>
	<i>Persons living with AIDS</i>
	<i>Battered spouses</i>
	<i>Migrant farm workers</i>
	<i>Severely disabled adults (per census definition)</i>
	<i>Seniors (over 62 years old) Scores as only 51% TIG</i>

When scoring applicants for TIG benefit, State staff will give points based on each percentage point above the minimum 51 percent level required by HUD.

c) Documentation and Scoring of Need for Activity:

Similar activities will be rated and ranked against each other and the ones with the highest documented need will receive the highest score. See Appendix A for a list of typical activities and a description of how to document need for the activity.

d) Documentation and Scoring of Capacity and Readiness to Proceed:

Applicants will be required to submit resumes and duty statements documenting staff capacity and experience for implementation of the proposed activities. If the local jurisdiction is planning on using a consultant to assist them in implementing the proposed activity, the copies of the consultant's staff's resumes and duty statements will be required.

To document readiness, applicants must submit documentation that they will be ready to proceed with the activity as soon as possible after award of funds. Being able to meet the State's grant contract 90 day special conditions items for the proposed activities will provided the highest scores under this category. For example, having approved program guidelines for a housing rehabilitation program or having all financing commitments for a public works or community facility project are important parts of readiness.

e) Documentation for Priority Activity Bonus Points:

Applicants will not need to provide any documentation for this scoring category. State staff will compare the proposed activity to the disaster declaration to see if it was allowed under the declaration or not. If the proposed activity was not allowed under the disaster declaration, then 10 points will be assigned. If more than one activity is proposed and only one meets the criteria for bonus points then the points will be prorated based on the percentage of funds requested for priority activity.

AWARD ANNOUNCEMENTS AND PROCESSING

12. AWARD ANNOUNCEMENTS

Awards will be announced within 90 days of receipt of a complete and eligible application. Please do not call the CDBG staff to ask about the status of your application. All applicants will be notified by mail as to the outcome of their application.

13. AWARD PROCESSING

All funded applications will be processed through a standardized Grant Agreement. The Agreement will contain information about the terms and special conditions of the award. Special conditions will have to be met within 90 days of the Agreement's execution. If the conditions are not met, the Department may terminate the Agreement. Applicants are permitted to incur general administration costs upon receiving their award letter and obtaining written approval from HCD. **Grantees MUST obtain special conditions and environmental clearance prior to beginning a CDBG funded activities. This requirement applies to both CDBG and non-CDBG funding. Beginning any program or project activity prior to obtaining clearance may cause it to be ineligible.** Only general administration costs may be incurred until special conditions are met. Activity delivery costs may be incurred prior to execution of the Agreement only with written approval of HCD upon satisfactory completion of any required special conditions. Information about processing times and authorization requirements will be provided at the time the Agreement is sent to the grantee.

14. PROGRAM MONITORING

Grantees should be aware that *many* of the various federal and state overlay requirements that apply to non-disaster CDBG grants will also apply to Disaster Recovery Funds. All grantees will be monitored for compliance with these requirements. For current information refer to [Docket No. FR-4959-N-01] and see Chapter 12 of the current State CDBG Grant Management Manual on the web site. Contact your State CDBG field representative for guidance and compliance questions.

PROGRAM REQUIREMENTS

15. STATE REQUIREMENTS

The State CDBG Program is a federally funded program that is provided to California's small cities and counties by the Department. Within State Statute and Regulations, the Department has established the following program requirements:

a) Targeted Income Group (TIG) Benefit.

In order for activities to meeting the national objective of benefit to low - and moderate income families (also known as the Targeted Income Group), at least 51 percent of the beneficiaries shall be TIG persons. The Targeted Income Group is based on county income limits provided annually by HUD. TIG is 80 percent and below of the area median income, adjusted by family size. Each application must contain a discussion of how at least 50 percent of the DRI funds awarded will fund activities with low- and moderate income benefit (minimum 51 percent TIG benefit). Failure to adequately document the level of TIG benefit for the proposed activity, if the activity is brought to completion, or the 50 percent level of TIG benefit, will result in denial of funds.

b) Serious Need:

The State seeks to ensure that the most serious community development needs arising from the disaster are addressed. The applicant must describe why the proposed activity is the highest community development needs arising from the disaster. The State has identified the four activities which are believed to be the highest need based on analysis from the Action Plan and these four activities are described in detail in Appendix A.

c) Housing Element Compliance:

At the initial stage of application, CDBG will not reject an application based on either the content of the housing element or the Department's findings on the element, except as may otherwise be provided in Section 50830 of the Health and Safety Code. If there is a question about the status of an applicant's housing element, then prior to submitting an application, **call Paul McDougall of the Housing Policy Development Division at (916) 322-7995.**

The requirements for award of grant funds are in Section 7056(b)(1) of the State Program's Regulations. Housing element compliance requirements are in the Government Code, Title 7, Division 1, Chapter 3, Article 10.6, and beginning with Section 65580. **The Housing Element must be in CDBG compliance before the State announces award of funds.**

c) Growth Control Prohibition:

Pursuant to Health and Safety Code Section 50830, no city or county is eligible to receive CDBG funds if the city or county has adopted a general plan, ordinance, or other measure which directly limits, by number, the building permits that may be issued for residential construction, or the building lots which may be developed for residential purposes. If there is a question about any local growth control ordinances, then prior to submitting an application, call Paul McDougall of the Housing Policy Development Division at (916) 322-7995.

However, this growth control provision shall not be applicable to:

- 1) An ordinance adopted by a city or county which does any of the following:
 - a. imposes a moratorium to protect the public health and safety on residential construction for a specified period of time if, under the terms of the ordinance, the moratorium will cease when the public health and safety is no longer jeopardized by the construction; or
 - b. creates agricultural preserves under Chapter 7 (commencing with Section 51200) of Part 2 of Division 1 of Title 5 of the Government Code; or
 - c. was adopted pursuant to a specific requirement of a State or multi-State board, agency, department, or commission; or
- 2) A city or county which has a housing element that the Department has found to be adequate pursuant to subdivision (c) of Section 65585 or Section 65586 of the Government Code at the time the city or county applies for funds under the State CDBG Program, unless a final court order has found that such housing element is not in compliance with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code.

c) Housing Activity Funding Requirement:

State Statutes require that at least 51 percent of funds awarded by the CDBG program be used for housing activities. So 51 percent of \$10,547,928 is \$5,379,443 of the DRI funding must go for housing related activities (this includes public works projects).

16. PUBLIC PARTICIPATION

Mindful of the need to quickly make CDBG funds available to restore damaged infrastructure, the public participation requirements have been somewhat simplified for the DRI funding. DRI federal regulations require that grantees:

- a) Publish or post a notice for residents with information identifying the funds available for the proposed Disaster Recovery efforts and the proposed activities in

the application, including the estimated amount to be used for activities that will benefit low - and moderate income disaster victims.

- b) Provide residents with access to the application and opportunity to comment on, the proposed of the funds.

17. PUBLIC RECORDS ACT

Applications and grant agreements are public information and must be made available for review by the public. Applicants are advised that information submitted to the State may have to be made available to the public under the State Public Records Act unless an exemption under this Act applies to the information submitted and the applicant establishes a valid claim of confidentiality under such exemption.

18. ENVIRONMENTAL REVIEW

The applicant will be required to conduct the proper environmental review for **all** proposed activity in the application. No activity funds will be available until the proper review is completed and approved by the State CDBG program and a formal release of funds letter is received by the applicant. Failure to conduct the proper review and obtain State release of funds **prior** to the start of the proposed activity will cause the activity to become ineligible. DRI regulations provide for some exemptions to the federal environmental review process based on the activity. See Chapter 3 of the current State CDBG grant management manual for guidance on the proper process and required forms for submittal. If you believe your project qualifies under the DRI exemption, then call your State CDBG representative for confirmation.

NEPA Choice Limiting Actions: If CDBG funds pay for purchase of real property or construction work on a site, then the applicant must ensure they do not take a choice limiting action, as defined under the National Environmental Policy Act (NEPA), prior to obtaining release of CDBG funds for the proposed activity. Choice limiting actions include executing a sales contract for purchase of land (an option to purchase is acceptable) or executing a construction contract prior to state release of funds.

19. RELOCATION

The federal requirements relating to acquisition and relocation assistance are a major consideration for eligible CDBG applicants. Jurisdictions who receive federal funds in the form of a CDBG grant are required to inform all potential program recipients, **prior to program recipients submitting an application for assistance from CDBG funds**, of the potential for relocation as a result of the federally-funded project, and of the potential recipients' rights to relocation assistance in the event relocation is triggered by the funded activity. If any jurisdiction has a specific project in mind that may involve acquisition and/or relocation, contact your CDBG field representative for further guidance prior to submitting the CDBG application. Current DRI notices provide some exemptions for relocation depending on the activity being proposed and any exemptions to relocation

must be approved by the State CDBG program prior to proceeding. See Chapter 6 of the current State CDBG grant management manual for more detail on federal relocation requirements.

20. PREVAILING WAGE PAYMENTS

Federal law requires that any CDBG funds paying for construction projects must comply with Davis Bacon prevailing wage requirements. This involves a specific competitive bid process and specific bid and contract language. Contractors must be monitored to ensure their workers are being paid the proper prevailing wages on a weekly basis. Reports must be submitted to confirm compliance with Section 3 employment opportunity law and prevailing wage laws. See Chapter 5 in the current State CDBG grant management manual for a description of process for complying with federal prevailing wage monitoring and the required language which needs to be placed in bid and contracts.

21. PROCUREMENT

Any goods or services paid for with DRI funds must be obtained through a competitive process. The applicant will seek to assure that equal opportunity provisions have been included in all procurement procedures and that federal and local procurement procedures are followed. See Chapter 8 in the current State CDBG grant management manual for a description of different federal procurement processes.

Federal debarment and suspension required by 24 Code of Federal Regulations, Part 24, apply to all CDBG grantees, and as such, grantees are required to verify that any/all persons, contractors, consultants, businesses, sub-recipients, etc. that are conducting business with the grantee **(including the City/County)** are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in the covered transaction or in any proposal submitted in connection with the covered transaction. Grantees must check the Excluded Parties Listing System (website: epls.arnet.gov) and maintain evidence of the search results.

22. SITE CONTROL

Applicants are not required to have site control at the time of application. However, site control will be a special condition of a grant award and will need to be obtained within the first 90 days of the grant. Jurisdictions will not be able to use CDBG funds to repay any acquisition costs (for example, bridge loans) incurred prior to the date the State contract is executed and all special conditions have been met.

23. PROGRAM INCOME

All program income generated by DRI funds shall remain at the local jurisdiction. State

staff will determine if program income (PI) funds repaid from activities funded under this NOFA are normal CDBG PI and will be tracked as such by the grantee's fiscal staff, or if program income generated from this allocation must be tracked as DRI PI and retain their identity as such.

If the grantee is using DRI funds under this allocation to fund activities which are already being funded with CDBG funds, for example doing additional housing rehabilitation loans, then any DRI funds repaid will be returned to the local CDBG program income account. However, if the grantee is doing a new activity with DRI funds not already funded with CDBG funds, then any funds repaid from the investment of the DRI funds must be tracked as DRI program income. The State's decision about the type of program income generated from the proposed activities will be made at the time of initial award of DRI funds from this allocation and that determination will be included in the grant contract between the State and the grantee.

APPENDIX A

24. ELIGIBLE / INELIGIBLE ACTIVITIES AND SCORING CRITERIA FOR DIFFERENT ACTIVITIES

a) Summary of Eligible Activities:

State's Anticipated High Need Activities:

- Housing rehabilitation or reconstruction/replacement of residential structures;
- Community facility acquisition, construction or reconstruction/rehabilitation (earthquake retrofit of public facilities);
- Public works & infrastructure improvements in support of housing, including: installation/improvements of water and sewer facilities, streets and drainage;
- Code enforcement in deteriorated areas, e.g., caused by a disaster;
- Public services for social services required because of disaster, emergency shelter or transitional housing payments;

Other Eligible Activities: (Call CDBG Representative)

- Business rehabilitation of structures;
- Homebuyer assistance to facilitate homeownership among low - and moderate income persons affected by the declared disaster, (down payment assistance, interest rate subsidies, loan guarantees);
- Activities relating to energy conservation and renewable energy resources, incorporated into recovery;
- Business assistance to profit-motivated businesses to carry out economic development or recovery activities that benefit the public job through creation/retention;
- Housing new construction activities for replacement housing units damaged or destroyed as a direct result of the declared disaster;
- Acquisition of real property (including buying out of properties in a flood plain and the acquisition of relocation property);
- Relocation payments and assistance for displaced persons, businesses, organizations, and farm operations; and
- General Admin costs of up to 7.5 percent of the grant and planning costs up to 11.5 percent of the grant.

Activities involving direct assistance to individuals, especially relocation, purchase of property, rehabilitation, may be more difficult to carry out since the grantee must avoid duplication of benefits from several federal agencies. Contact your CDBG field representative prior to submitting an application proposing direct assistance to individuals and business owners. Please see Section 7 Duplication of Benefits of this NOFA.

b) Summary of Ineligible Activities:

Disaster Recovery funds **shall not** be used for activities reimbursable by, or for which funds are ***made available by***, the FEMA, the SBA, or the USACE. Disaster funds must be spent on repairing damages directly related to or occurring within the time period of the three disasters listed in the State's Action Plan. Disaster funds cannot be spent upon preventative measures to protect against future damage if no repair of existing damage is involved.

List of ineligible activities:

- General government expenses;
- Acquisition, construction, or reconstruction of buildings for the general conduct of government damaged or destroyed as a direct result of the declared disaster;
- Payment of fire protection costs as a result of disaster;
- Purchase of equipment, or construction equipment;
- Purchase of Fire protection equipment;
- Debris removal and clearance of brush or future fire fuel;
- Furnishings and personal property (unless needed by a grantee in the administration of DRI activities);
- Operating and maintenance expenses associated with repairing, operating or maintaining public facilities, improvements and services;
- Income payments such as subsistence-type grant payments made to an individual or family for items such as food, clothing housing (rent or mortgage), or utilities; and
- Providing assistance to individuals or business owners who were **required** to, but did not, maintain flood insurance as a condition of receiving previous federal disaster assistance. (This requirement can usually be verified through a title search revealing a deed restriction required of previous federal assistance.)
- DRI funds may not be used in flood hazard areas for acquisition or construction projects in communities that have been identified by FEMA as nonparticipating, noncompliant communities under the National Flood Insurance Program.

HOUSING REHABILITATION

a) Eligible Activities:

CDBG funds may be used to finance the costs of repairs and improvements to owner- and renter- occupied units, including repair or replacement of principal fixtures and components of existing structures (e.g., the heating system). Under certain circumstances, rehabilitation can also include the demolition and reconstruction of dwelling units. Water or sewer laterals are considered rehabilitation when they are located on private property.

Conversion of a non-residential structure to residential (adaptive reuse) is eligible under Housing Rehabilitation. However, if the conversion involves construction that goes beyond the envelope of the non-residential structure, the project may be a New Construction activity. If this is the case, please consult with your CDBG Representative. *Reference: 24 CFR 570.202(e).*

b) Ineligible Activities:

Rehabilitation does **not** include;

- Creation of a secondary housing unit attached to a primary unit;
- Installation of luxury items, such as a swimming pool;
- Costs of equipment, furnishings, or other personal property not as integral structural fixture, such as: 1) a window air conditioner or a washer or dryer (but a stove or refrigerator is allowed); or
- Labor costs for homeowners to rehabilitate their own property.

c) Need Scoring Criteria:

The Department will use several need indicators:

- Age of housing stock (pre-1970) based on 2000 census data;
- Percentage of overcrowding based on 2000 census data;
- Percentage of units needing rehabilitation based on data in the jurisdiction's adopted housing element. If proposing activity in a target area, a local survey of the target area is acceptable if the data are more recent than the housing element data and less than five years old.
- Damage reports showing percentage of housing stock damaged by disaster within jurisdiction or target area.

COMMUNITY FACILITIES

a) Eligible Activities:

This activity generally refers to the acquisition, rehabilitation, or new construction of buildings and grounds used for public purposes such as training, health services, education, recreation, nutrition, shelter, day care, temporary housing, and fire protection.

Temporary Housing: To be eligible as a community facility, housing related activities must be designed for use in providing shelter for persons having special needs. Such shelters would include, but not be limited to, nursing homes, convalescent homes, and shelters for victims of domestic violence, shelters and transitional facilities for the homeless, halfway houses for runaway children or drug offenders or parolees, group homes for the developmentally disabled and seasonal housing for migrant farm workers.

b) Ineligible Activities:

- **The costs of maintaining or operating a community facility are not eligible** as a community facility activity but may be eligible as a public service activity.
- **Refinancing loans on existing community facility buildings is not an eligible use** of CDBG funds unless the refinancing takes place in conjunction with the rehabilitation of the building.
- **Permanent housing is not eligible.**

c) Need Scoring Criteria:

The Department will assess the need for these activities based on:

- the severity of the problem being addressed, and
- the extent to which the proposed action will solve the problem.

Applicants with strong quantitative third-party documentation of the problem will be more competitive. Such documentation could include, but not be limited to, waiting list information or documentation of elimination of service because of lack of facility or data from government agencies. If rehabilitation of community facility is proposed, then the applicant must document the scope of rehabilitation and degree of health and safety issues. For example, a fire station was damaged by the earthquake and is not structurally sound so it is not able to be used. In rating and ranking these proposed activities, the Department will assign points based on the relative severity of problems among all applications. The most competitive applications will address a serious threat to the health, safety or well-being of the proposed beneficiaries.

PUBLIC WORKS

a) Eligible activities.

Eligible activities include the costs of acquisition, construction, or installation of the public works project and site or other improvements, including water and sewer facilities, flooding and drainage facilities, utilities, and flood control.

b) Need Scoring Criteria:

The Department will assess need for these activities based on:

- the severity of the health and safety problem to be addressed; and
- the likelihood that the funds requested will substantially reduce or eliminate the problem.

Applicants with strong third-party documentation will be more competitive. Such documentation could include but not be limited to: having a cease and desist order on the community; ranking on other agencies' funding lists and orders from government agencies. One example of high need is: a neighborhood has a number of burned homes but the jurisdiction will not allow the homes to be rebuilt using the existing septic systems on private lots. Funds are needed to extend a sewage collection line into the neighborhood and hook the families up so they can rebuild their homes. In rating and ranking these proposed activities, the Department will assign points based on the relative severity of problems among all applications. The most competitive applications will include documentation that funding for long-term operation and maintenance of the system has been provided for through a structured rate schedule.

PUBLIC SERVICES

a) Eligible Activities:

Under this category, CDBG funds may be used to provide public services including labor, supplies, materials, and other costs. Paying the cost of operating and maintaining that portion of a facility in which the service is located also falls under this category. Public services include, but are not limited to:

- health care
- job training
- recreation programs
- code enforcement
- child care
- services for senior citizens
- services for homeless persons
- drug and alcohol abuse counseling and testing
- transportation services
- nutrition services

b) Need Scoring Criteria:

The Department will assess the need for these activities based on:

- the severity of the problem being addressed; and
- the extent to which the proposed action will solve the problem.

Applicants with strong quantitative third-party documentation of the problem will be more competitive. Such documentation could include, but not be limited to, waiting lists for services or information and data from government agencies showing a funding shortfall and reduction or elimination of services. In rating and ranking these proposed activities, the Department will assign points based on the relative severity of problems among all applications. The most competitive applications will address a serious threat to the health, safety or well-being of the proposed beneficiaries.

APPENDIX B

25. ELIGIBLE JURISDICTIONS FOR EACH DISASTER

WILD FIRE DISASTER, FEMA-1498-DR

JURISDICTION

LOS ANGELES, CO. OF

Agoura Hills
Alhambra
Artesia
Avalon
Azusa
Baldwin Park
Bell
Bell Gardens
Bellflower
Beverly Hills
Bradbury
Burbank
Calabasas
Carson
Cerritos
Claremont
Commerce
Compton
Covina
Cudahy
Culver City
Diamond Bar
Downey
Duarte
El Monte
El Segundo
Gardena
Glendale
Glendora
Hawaiian Gardens
Hawthorne
Hermosa Beach
Hidden Hills
Huntington Park
Industry
Inglewood
Irwindale

La Habra Heights
La Mirada
La Puente
La Verne
Lacanada Flintridge
Lakewood
Lancaster
Lawndale
Lomita
Long Beach
Lynwood
Malibu
Manhattan Beach
Maywood
Monrovia
Montebello
Monterey Park
Norwalk
Palmdale
Palos Verdes Estates
Paramont
Pasadena
Pico Rivera
Pomona
Rancho Palos Verdes
Redondo Beach
Rolling Hills
Rolling Hills Estate
Rosemead
San Dimas
San Fernando
San Gabriel
San Marino
Santa Clarita
Santa Fe Springs
Santa Monica
Sierra Madre
Signal Hill
South El Monte
South Gate
South El Monte
South Gate
South Pasadena
Temple City
Torrance
Vernon
Walnut
West Covina
West Hollywood

Westlake Village
Whittier

RIVERSIDE, COUNTY OF

Banning
Beaumont
Blythe
Calimesa
Canyon Lake
Cathedral City
Coachella
Corona
Desert Hot Springs
Hemet
Indian Wells
Indio
La Quinta
Lake Elsinore
Moreno Valley
Murietta
Norco
Palm Desert
Palm Springs
Perris
Rancho Mirage
San Jacinto
Temecula

SAN BERNARDINO, CO. OF

Adelanto
Apple Valley
Barstow
Big Bear Lake
Chino
Chino Hills
Colton
Fontana
Grand Terrace
Hesperia
Highland
Loma Linda
Montclair
Needles
Ontario

Rancho Cucamonga
Redlands
Rialto
Twentynine Palms
Upland
Victorville
Yucaipa
Yucca Valley

SAN DIEGO, COUNTY OF

Carlsbad
Coronado
Chula Vista
Del Mar
El Cajon
Encinitas
Escondido
Imperial Beach
La Mesa
Lemon Grove
Oceanside
Poway
San Marcos
Santee
Solana Beach
Vista

VENTURA, COUNTY OF

Camarillo
Fillmore
Moorpark
Ojai
Oxnard
Port Hueneme
San Buenaventura
Santa Paula
Simi Valley
Thousand Oaks

EARTHQUAKE, FEMA-1505-DR

List of Jurisdictions

SAN LUIS OBISPO, CO. OF

Arroyo Grande
Atascadero
El Paso De Robles
Grover City
Morro Bay
Pismo Beach

SANTA BARBARA, CO. OF

Buellton
Carpintera
Guadalupe
Lompoc
Santa Maria
Solvang

FLOODING FROM LEVEE BREAK, FEMA-1529-DR

List of Jurisdictions

SAN JOAQUIN, CO. OF

CALIFORNIA INDIAN RESERVATIONS/RANCHERIAS AND NON-TRUST LAND INDIAN RESIDENCES

LIST BY COUNTY

COUNTY/RESERVATION

Riverside County

Agua Caliente Reservation
Augustine Reservation
Cabazon Reservation
Cahuilla Reservation
Colorado River
Fort Yuma Reservation
Morongo Reservation
Pechanga Reservation
Ramona Reservation
Santa Rosa Reservation
Soboba Reservation
Torres-Martinez Reservation

San Bernardino County

Chemehuevi Reservation
Colorado River Reservation
Fort Mojave Reservation
San Manuel Reservation
Twenty-Nine Palms Reservation

San Diego

Barona Reservation
Campo Reservation
Capitan Grande Reservation
Cuyapaipe Reservation
Inaja-Cosmit Reservation
Jamul Indian Village
La Jolla Reservation
La Posta Reservation
Los Coyotes Reservation
Manzanita Reservation
Mesa Grande Reservation
Pala Reservation
Pauma & Yuima Reservation
Rincon Reservation
San Pasqual Reservation
Santa Ysabel Reservation
Sycan Reservation
Viegas Reservation

APPENDIX C

26. SAMPLE PUBLIC NOTICE

(Publish at least 10 days prior to application submittal)

SAMPLE NOTICE FOR PUBLICATION PRIOR TO APPLICATION SUBMITTAL

PUBLIC NOTICE OF SUBMITTAL OF FUNDING PROPOSAL TO THE STATE OF CALIFORNIA UNDER THE DISASTER RECOVERY INITIATIVE ALLOCATION

NOTICE IS HEREBY GIVEN that the City/County of _____ will submit a funding proposal to the State Community Development Block Grant program for Disaster Recovery Initiative (DRI) funding on or before November 18, 2005. The City/County wishes to solicit citizen input prior to submittal of the application.

The City/County of _____ is applying for the grant amount \$ _____ under the 2005 DRI Allocation for _____ (identify all activities) in the _____ (identify city/county/neighborhood/tribal area etc.).

The application and information about DRI funding is available for review in order to give citizens an opportunity to make their comments known. This public information file is available for review at the following address, (insert City/County office address and contact person here) between the hours of 8:00 a.m. and 5:00 p.m. on weekdays.

The City/County promotes fair housing and makes all programs available to low and moderate income families regardless of age, race, color, religion, sex, national origin, sexual preference, marital status, or handicap.

APPENDIX D

27. FORM TO REQUEST COPY OF DRI APPLICATION

- 2005/2006 Disaster Relief Initiative (DRI)

Mail or FAX or E-mail this
Request Form to:

Patrick Talbott, CDBG Program Representative
State Community Development Block Grant Program
California Department of Housing and Community Development
P.O. Box 952054, MS 330
Sacramento, CA 94252-2054
E-Mail: ptalbott@hcd.ca.gov
FAX #: 916-319-8488

<input type="checkbox"/>	YES. Please send the 2005/2006 CDBG DRI Application Package as follows:	
<input type="checkbox"/>	<input type="checkbox"/>	Mail a hard copy (paper)
<input type="checkbox"/>	<input type="checkbox"/>	E-Mail an electronic copy
<input type="checkbox"/>		

Name:	
Organization:	
Address:	
City/State/Zip Code	
Telephone & FAX #s:	
E-mail:	

NOTE: If you return this form and do not receive a mailing within two weeks of your request, please call the Patrick Talbott at (916) 552-9361.